

FISCAL NOTE

SB 2705 - HB 2763

January 18, 2008

SUMMARY OF BILL: Establishes the Pre-Need Restitution Account to be administered by the Commissioner of Commerce and Insurance. This account will provide restitution to any pre-need funeral contract purchaser who experiences loss from a contract entered into with a pre-need funeral seller that goes into receivership. If a pre-need funeral seller receives an administrative fee for a contract, a percentage of that fee, as determined by the Commissioner, is required to be paid into the account. Payments to the account will be suspended whenever the account balance exceeds \$2.5 million. When restitution is paid from the account, the Commissioner is authorized to institute an action against the responsible pre-need funeral seller for the recovery of the restitution in whole or in part.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

\$10,900/One-Time/Pre-Need Restitution Account

\$76,300/Recurring/Pre-Need Restitution Account

Not Significant/General Fund

Increase State Expenditures –

\$10,900/One-Time/Pre-Need Restitution Account

\$76,300/Recurring/Pre-Need Restitution Account

Not Significant/General Fund

Increase Local Gov't. Revenue – Not Significant

Increase Local Gov't. Expenditures – Not Significant

Other Fiscal Impact – There will be an increase in state revenue as a result of collecting fees to be deposited in the Pre-Need Restitution Account. Fees will be collected until the account balance equals or exceeds \$2.5 million. The amount of restitution, if any, that will be paid from the account is indeterminable but could not exceed \$2.5 million in any given year.

Assumptions:

- According to the provisions of the bill, the costs to administer the account shall be paid from the account.
- A one-time increase in state expenditures from the account for office furnishings and computer programming and equipment.
- A recurring increase in state expenditures from the account for the salary, benefits and operation expenditures for one position to administer the account.
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenues are estimated to be not significant.
- The Department of Commerce and Insurance states that the amount of time it will take and the amount assessment that will be required for the account balance to reach \$2.5 million dollars cannot be determined. Pre-need funeral sellers themselves will determine the number of contracts on an annual basis that will be subject to assessment by the Commissioner. Any revenue collected by the state as a result of recovery actions instituted against pre-need sellers that are in receivership will be deposited into the account.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/dpb